

EMS Agency Management Series

*Funding Your Future:
Establishing Fee-for-Service Programs
in Non-Profit EMS Agencies*



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Funding Your Future: Establishing Fee-for-Service Programs in Non-Profit EMS Agencies manual and accompanying PowerPoint presentation were produced for the Virginia Department of Health Office of Emergency Medical Services and is the property of the Commonwealth of Virginia. The contents are to be used by Virginia EMS agencies as an educational reference. Please credit the manual when referencing. Any other use or duplication of the workbook must be requested in writing to the Virginia Department of Health Office of Emergency Medical Services. April 2007.

Preface

Funding Your Future: Establishing Fee-for-Service Programs in Non-Profit EMS Agencies manual and accompanying PowerPoint presentation are designed to help local governments and Emergency Medical Services (EMS) agencies explore revenue recovery through billing for services. The Virginia Department of Health Office of EMS (OEMS) does not necessarily support billing for services, but encourages EMS agencies and local governments to explore it as a funding option. The manual and presentation are intended to provide a framework to better understand billing for services. After reviewing the manual, talk with other agencies that use revenue recovery and learn from their experiences. Many of these agencies are identified in the back of this manual.

Funding Your Future was reviewed by subject matter experts to make sure it is complete and accurate. With a document of this nature and size, information may change. If you identify any information that is out-of-date or inaccurate, please contact OEMS at emstechasst@vdh.virginia.gov.

The authors are grateful for the assistance of the EMS leaders and billing companies who shared their experiences. The following individuals reviewed an outline and made suggestions of what topics to cover in the manual and PowerPoint presentation. Their comments and input helped to make sure the authors covered all the important subjects and topics.

- Kim Craig, Captain, Staunton Augusta Rescue Squad
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- Joseph Trigg, Executive Director, Regional EMS, Inc.
- Robert Trimmer, Firefighter/EMS Specialist, Chesterfield County Fire and EMS
- Diane Vick, President and CEO, Diversified Ambulance Services

OEMS contracted with the Central Shenandoah Regional EMS Council (CSEMS) to compile and write *Funding Your Future* as part of a regional education program. The project team included David Cullen, executive director, Shaun Carpenter, EMS training specialist and Sara Trantum, EMS training specialist.

David Smith reviewed and edited the *Funding Your Future* manual and presentation. David, the Manager of Mobile Care, a hospital affiliated inter-facility and specialty care ambulance service in Greenville, South Carolina, also served as the first executive director of Regional Emergency Medical Services, Inc. (REMSI) in Pulaski County, Virginia.

OEMS is also grateful to the Alliance of EMS Education and Research who co-sponsored this important project. OEMS is indebted to all who helped write, edit and review *Funding Your Future*. EMS agencies and/or local governments are encouraged to use the information to enhance their respective EMS systems.

A handwritten signature in cursive script, reading "Gary R. Brown".

Gary R. Brown, Director
Virginia Office of EMS

Introduction

The Virginia Department of Health Office of Emergency Medical Services (OEMS) recognizes that delivering high quality emergency medical services (EMS) requires extensive financial resources. Traditionally, local EMS programs have relied on donations, fundraising, and financial support from local governments to operate. In today's environment, however, the cost of meeting the emergency response needs of a community frequently exceeds what is available from established sources of funding. While it may not be suitable for every agency, fee-for-service is another opportunity to be considered in order to develop and maintain a reliable revenue stream to support your local EMS agency.

This guide will help your agency explore fee-for-service programs in a logical step-by-step manner. Decisions concerning billing are among the most important the leadership of your agency will ever make. While there are significant long-term opportunities associated with billing, there are legal, organizational, and financial considerations that have to be addressed. The purpose of this document is to educate agencies on specific funding alternatives. OEMS does not encourage or discourage agencies from developing billing programs.

JLARC Recommendations

In 2004, the Joint Legislative Audit and Review Commission of the Virginia General Assembly (JLARC), made a number of recommendations concerning EMS in Virginia, among these recommendations was to consider the implementation of fee-for-service programs. Review the complete JLARC report at <http://jlarc.state.va.us/Reports/Rpt312.pdf>

Emergency medical service agencies should actively consider billing patients' health insurance policies for the services and transportation provided. The Office of Emergency Medical Services should help develop materials that agencies can use to help educate the public about the reasons and benefits for billing, as well as to dispel misconceptions.

Is Billing for You?

Define the Problem before Proposing the Solution

Regardless of whether your EMS agency is volunteer, government-based or non-profit, there are almost always opportunities to enhance and improve the level of service to the public, provided that additional resources are available. It is important to define exactly how you want to improve your local EMS system before recommending the implementation of a billing program. Precisely how will the community you serve benefit from the additional revenue you intend to receive from billing?

- *Can you meet your call demand with your current staffing?*
- *Are your response times reasonable?*
- *Are you providing an appropriate level of clinical care?*
- *Have you lost financial support or personnel due to the loss of industry or local government cut-backs?*
- *Has there been significant growth in the community or other changes that have increased the demand for your services?*
- *What resources does your agency need that are not possible using established funding methods?*
- *Does your agency have modern up-to-date equipment and vehicles?*

If you do not plan on improving service in some tangible way, such as reducing response times, increasing the level of service from basic life support (BLS) to advanced life support (ALS), etc., a billing program may not be well received by the community.

Reimbursable Services

Regardless of the terminology used, the goal of billing, reimbursement, fee-for-service, or revenue recovery programs is to seek payments from insurance carriers for health benefits that individuals have as a part of their existing policies. There are three main categories of emergency response reimbursement.

- *Ambulance Transport Fees – Bills can be generated for the care and transportation of ill and injured persons. Federally sponsored health care insurance programs (Medicare and Medicaid) as well as most private health insurance policies have a medical transportation benefit. See Figure 1 for related Code of Virginia language, § 38.2-3407.9.*
- *Rescue Service Fees – Claims can be submitted to automobile insurance carriers for the cost of extrication and related services. The insurance information for the vehicles involved can usually be obtained from the investigating law enforcement officer. In addition, specific fees can be charged to the driver of a vehicle involved in a DUI-related response. These fees are charged following the conviction of the driver for driving while intoxicated. The debt is paid to the local government general fund and is not paid directly to any particular public safety agency. This process can be authorized by a local government as specified in § 15.2-1716 of the Code of Virginia as shown as Figure 2 on page 3 of this text.*
- *Fire Services Fees – Bills can not be sent directly to the homeowner's insurance carrier, however, the bill can be filed, by the homeowner, along with their other fire-related costs such as board up services and temporary living expenses.*

Automobile and homeowners insurance companies are much less accustomed to receiving bills for service as compared to health insurance companies. Accordingly, special service bills are frequently rejected. While the low number and unpredictable nature of major fire and extrication events translates into a less than reliable revenue stream, billing for specialized services can provide a new source of funding. Due to the volume of patient transports, as opposed to other services, this text will emphasize the development of a system involving ambulance transport fees.

Figure 1 – Virginia State Code – Reimbursement for Ambulance Service

§ 38.2-3407.9. Reimbursement for Ambulance Services

A. If an accident and sickness insurance policy provides coverage for ambulance services, any person providing such services to a person covered under such policy shall receive reimbursement for such services directly from the issuer of such policy, when the issuer of such policy is presented with an assignment of benefits by the person providing such services.

B. No (i) insurer proposing to issue individual or group accident and sickness insurance policies providing hospital, medical and surgical or major medical coverage on an expense-incurred basis, (ii) corporation providing individual or group accident and sickness subscription contracts, or (iii) health maintenance organization providing a health care plan for health care services shall establish or promote an emergency medical response and transportation system that encourages or directs access by a person covered under such policy, contract or plan in competition with or in substitution of an emergency 911 system or other state, county or municipal emergency medical system for ambulance services. An entity subject to this subsection may use

transportation outside an emergency 911 system or other state, county or municipal emergency medical system for services that are not ambulance services.

C. For the purposes of this section, "ambulance services" means the transportation of any person requiring resuscitation or emergency relief or where human life is endangered, by means of any ambulance, rescue or life-saving vehicle designed or used principally for such purposes. Such term includes emergency medical services ambulances and mobile intensive care units. No (i) insurer proposing to issue individual or group accident and sickness insurance policies providing hospital, medical and surgical or major medical coverage on an expense-incurred basis, (ii) corporation providing individual or group accident and sickness subscription contracts, or (iii) health maintenance organization providing a health care plan for health care services shall require a person covered under such policy, contract or plan to obtain prior authorization before accessing an emergency 911 system or other state, county or municipal emergency medical system for ambulance services.

(1995, c. 420; 2000, c. 630.)

Figure 2 – Virginia State Code – Reimbursement of expenses incurred in responding to DUIs and other traffic incidents

§ 15.2-1716. Reimbursement of expenses incurred in responding to DUI incidents and other traffic incidents

A. Any locality may provide by ordinance that a person convicted of violating any of the following provisions shall be liable for restitution at the time of sentencing or in a separate civil action to the locality or to any responding volunteer fire or rescue squad, or both, for reasonable

expenses incurred by the locality for responding law enforcement, firefighting, rescue and emergency services, including by the sheriff's office of such locality, or by any volunteer fire or rescue squad, or by any combination of the foregoing, when providing an appropriate emergency response to any accident or incident related to such violation:

1. The provisions of § 18.2-51.4, 18.2-266, 18.2-266.1, 29.1-738, 29.1-738.02, or a similar ordinance, when such operation of a motor vehicle, engine, train or watercraft while so impaired is the proximate cause of the accident or incident;
2. The provisions of Article 7 (§ 46.2-852 et seq.) of Chapter 8 of Title 46.2 relating to reckless driving, when such reckless driving is the proximate cause of the accident or incident;
3. The provisions of Article 1 (§ 46.2-300 et seq.) of Chapter 3 of Title 46.2 relating to driving without a license or driving with a suspended or revoked license; and
4. The provisions of § 46.2-894 relating to improperly leaving the scene of an accident.

B. Personal liability under this section for reasonable expenses of an appropriate emergency response shall not exceed \$1,000 in the aggregate for a particular accident or incident occurring in such locality. In determining the "reasonable expenses," a locality may bill a flat fee of \$250 or a minute-by-minute accounting of the actual costs incurred. As used in this section, "appropriate emergency response" includes all costs of providing law-enforcement, fire-fighting, rescue, and emergency medical services. The court may order as restitution the reasonable expenses incurred by the locality for responding law enforcement, fire-fighting, rescue and emergency medical services. The provisions of this section shall not preempt or limit any remedy available to the Commonwealth, to the locality or to any volunteer rescue squad to recover the reasonable expenses of an emergency response to an accident or incident not involving impaired driving, operation of a vehicle or other conduct as set forth herein.

(1994, c. 617, § 15.1-132.1; 1995, cc. 683, 685, 830; 1997, cc. 587, 691; 2001, c. 505; 2003, c. 796; 2004, c. 273; 2005, cc. 148, 366; 2006, c. 679.)

Look at Your Community

The information that you need to determine the feasibility of developing a reimbursement program is available within your community. Two important factors must be analyzed; the potential revenue for your agency as well as the identification of potential supporters who will help you present the concept to the public.

- *Potential Revenue is related to call volume*
 - *How many patients did you transport last year?*

- *How many ALS?*
- *How many BLS?*
- *What is your payor mix? What percentage of your patients have...*
 - *Medicare with a supplemental policy?*
 - *Medicare only?*
 - *Medicaid?*
 - *Private Health Insurance?*
 - *No Health Insurance?*
- *What is your average transport distance to the hospital?*

Note: This information can be obtained by asking your local hospital administrator. He or she may already know this information or may be able to help you by sampling existing data. You can also ask a neighboring EMS provider who currently has a Fee-for-Service program in place. It may be necessary to survey patients yourself. After arriving at the hospital inform the patient that you are conducting a survey and ask if they would voluntarily describe which of the above categories best match their health insurance coverage.

Place your information in a spreadsheet as shown in Figure 3 in order to estimate net revenue.

- *Identify Potential Supporters - Who believes that quality EMS is important in your community? It is essential that you develop a team of people who will effectively convey your message throughout the community. Who will share both the needs of your organization as well as the need for a billing program? Consider recruiting at least one member from each of the following groups for your steering committee.*
- *Local Government – The county, city or town that you serve has an interest in ensuring that high quality service is quickly and reliably provided to the community. Local officials and representatives play an integral role in gaining the support of the public. Government and elected officials are excellent sources of information. They are also a great asset when planning for a fee-for-service program. Their support is essential to implement an effective and successful billing program. Additionally, EMS fees are generally viewed as a form of taxation by many citizens. Even if ambulance services are provided by an independent agency, EMS is often viewed as a public safety service that is supported by taxpayers. Local elected officials should be consulted before making a commitment to the development of a billing program.*

- *Hospitals and Physicians – EMS is an important aspect of health care and your local hospital has an interest in developing and maintaining a properly functioning emergency response system. The administrator of your local hospital knows the challenges of operating reimbursement systems. Administrators, as well as area physicians are the go-to people in the area for questions about health-related issues. The administrator and members of his or her staff are very involved in other community organizations. Their participation in the process may give your project visibility and creditability that would be difficult to obtain otherwise.*
- *Community Leaders – Influential individuals that have a strong interest in the performance of the agency need to be identified, contacted and offered the opportunity to participate in this important effort to improve emergency care in your community. Local elected officials can be very helpful in identifying these citizens.*

Figure 3 – Revenue Estimation Tool (for illustrative purposes only)

Number of Patients Transported / Year		1000	Charge		Total Charges
Number of ALS		350	trips	\$375.00	\$131,250.00
Number of BLS		650	trips	\$275.00	\$178,750.00
Average pt. loaded miles	7 miles	1000	trips	\$7.50	\$52,500.00
Gross Revenue					\$362,500.00
Gross Revenue/Trip					\$362.50
35%	% of patients with Medicare and a Supplemental Insurance Policy				
	Total trips this class	350			
	Gross Revenue/Trip	\$362.50			
	Anticipated Collection %	80%			
	Anticipated Net \$ / trip	\$290.00	Anticipated Net \$ / class		\$101,500
15%	% of patients with Medicare only				
	Total trips this class	150			
	Gross Revenue/Trip	\$362.50			
	Anticipated Collection %	60%			
	Anticipated Net \$ / trip	\$217.50	Anticipated Net \$ / class		\$32,625
15%	% of patients with Medicaid				
	Total trips this class	150			
	Gross Revenue/Trip	\$362.50			
	Anticipated Collection %	35%			
	Anticipated Net \$ / trip	\$126.88	Anticipated Net \$ / class		\$19,031
20%	% of patients with Private Health Insurance				
	Total trips this class	200			
	Gross Revenue/Trip	\$362.50			
	Anticipated Collection %	40%			

Anticipated Net \$ / trip	\$145.00	Anticipated Net \$ / class	\$29,000
15% % of patients Uninsured			
Total trips this class	150		
Gross Revenue/Trip	\$362.50		
Anticipated Collection %	10%		
Anticipated Net \$ / trip	\$36.25	Anticipated Net \$ / class	\$5,438
52% overall collection %		Net before collection cost	\$187,594

Build Your Team

Create a team from a diverse group of potential supporters. The team will be tasked with evaluating the data and determining if ambulance billing is appropriate for your community. If a fee-for-service system is warranted, the team will develop a plan and timeline for the billing program.

- *Committee Membership – Select representatives from the following organizations:*
 - *Each local government in the service area*
 - *Each hospital, or in the absence of a hospital, a respected community physician*
 - *Someone experienced in public relations and/or marketing*
 - *A public representative for each community within the service area*
 - *EMS agency leadership*
 - *Operational medical director*
 - *Experienced pre-hospital provider*
- *Committee Goals – The goal of the committee is to examine the current EMS system. Ambulance billing is a tool to make necessary improvements; it is not the central issue. Identify undesirable outcomes that need to be changed, then state the problem and identify deficiencies that cause the problem. Lastly, have the group list potential solutions to the problem. Figure 4 provides some examples of goals that may be developed by the committee.*

Figure 4 - Examples of Committee Goal Development

<i>Apparent Problem</i>	<i>Root Problem</i>	<i>Factors Contributing to Problem</i>	<i>Potential Solutions</i>
<i>Inadequate number of personnel to respond to calls promptly</i>	<i>Fewer volunteer staff members as compared to the past</i>	<i>Most volunteer staff members work outside of service area or can't respond from work</i>	<i>Develop funding source for supplemental staff</i>
		<i>Obligations of fundraising, training and answering calls require greater time commitment than staff are willing to provide</i>	<i>Develop funding source that reduces staff involvement in fundraising</i>
		<i>Training programs for new staff members are not available at desirable times or locations</i>	<i>Develop funding source that would allow development of local training facility</i>
<i>Organization does not have sufficient income to maintain operations</i>	<i>Revenue from fundraisers and donations haven't kept pace with increases in costs.</i>	<i>Local economy has experienced job losses due to closing of some manufacturing plants</i>	<i>Develop funding source to replace lost fundraising and donation revenue</i>
		<i>Local government has been unable to provide significant increases in funding due to local economic conditions</i>	<i>Develop funding source to supplement financial support from local government.</i>

How Much Does the Solution Cost?

We have successfully identified opportunities for improvement and estimated the potential revenue from a billing program. It is important at this point to determine if the revenue from a fee-for-service program is sufficient to support the necessary changes in the EMS system.

- *What is the estimated cost of your supplemental staffing plan?*
- *What is the estimated cost of your volunteer recruitment and retention programs?*
- *What is the estimated cost of operating your training programs?*
- *What is the estimated cost of your equipment modernization plan?*

What if it is too much? Costly system changes, such as adding supplemental staffing, increases operating expenses dramatically. Simply stated, the additional revenue from billing may not be sufficient to do everything that you want to do. It is advisable to closely match your goals with your projected revenues and cash flow before making a public announcement about your plans.

Decide if Billing is for Your Agency

After evaluating all of the information gathered to this point, your committee is ready to answer the hard questions:

- *Would the community benefit from the possible changes from using fee-for-service revenue?*
- *Does the estimated revenue closely match the cost of reaching the identified goals? Remember, some system enhancements cannot be completed in a single year. Planned changes, as well as the development of a mature revenue stream, may take three to five years.*
- *Are the members of the committee committed to the implementation of the project?*

If the answer to these questions is yes, then you have what is necessary to proceed. If you do not have a firm consensus from the group to proceed, reevaluate what they feel are the community's EMS needs and explore other options. Continuing from this point requires a

high level of commitment. Your agency, with the help of the committee, should create a detailed plan for implementing the changes required to bill for services.

Creating an Implementation Plan

Make an Announcement

The first step in implementing a fee-for-service program is announcing the recommendations of the committee. It is important to notify several groups of the news, in the appropriate order, in a short period of time. Key stakeholders do not want to learn of your decision from the press. However, delaying the press release can result in the potential for the distribution of misinformation and damaged public relations. Contact key players in person or via telephone and then follow up with a letter outlining the identified EMS system needs and the need for additional resources, to be obtained by billing for services. Additionally, a press release should be issued by the committee chairperson to the local media shortly thereafter. Both documents should refer questions to the committee chairman.

Obtain Governmental Support

Having a representative from each local government on your committee is a good start, now you need to take the next step and solicit an actual endorsement of your plan from each city or town council and the county board of supervisors. The endorsement can take one of two forms.

- *Resolution of Support – Each local government can draft and vote to approve a resolution stating that they approve of your efforts to bill for service and improve the level of EMS service without additional local tax based revenues.*
- *Creation of an Ordinance – Virginia State Code 32.1-111.14 as shown as Figure 5 on page 11 enables local governments to require an EMS provider to obtain a*

franchise or permit in order to operate within the jurisdiction. Additionally, local governments can set rates for services provided using an ordinance, however it is easier to change rates if they are adopted as a resolution. You may want to work with your local government's attorney to determine if it is advantageous to ask that a franchise process be initiated. Governmental providers of EMS, such as a city fire department, must be authorized by an ordinance in order to bill for services. Advantages of a franchise arrangement include:

- *Standardization of fees if multiple agencies serve a single locality.*
- *Opportunity to prevent other providers from entering the market that you serve.*

Figure 5 – Virginia State Code – Ambulance Franchise

§ 32.1-111.14. Powers of governing bodies of counties, cities and towns

A. Upon finding as fact, after notice and public hearing, that exercise of the powers enumerated below is necessary to assure the provision of adequate and continuing emergency services and to preserve, protect and promote the public health, safety and general welfare, the governing body of any county or city is empowered to:

1. Enact an ordinance making it unlawful to operate emergency medical services vehicles or any class thereof established by the Board in such county or city without having been granted a franchise or permit to do so;
2. Grant franchises or permits to agencies based within or outside the county or city; however, any agency in operation in any county or city on June 28, 1968, that continues to operate as such, up to and including the effective date of any ordinance adopted pursuant to this section, and that submits to the governing body of the county or city satisfactory evidence of such continuing operation, shall be granted a franchise or permit by such governing body to serve at least that part of the county or city in which the agency has continuously operated if all other requirements of this article are met;
3. Limit the number of emergency medical services vehicles to be operated within the county or city and by any agency;
4. Determine and prescribe areas of franchised or permitted service within the county or city;
5. Fix and change from time to time reasonable charges for franchised or permitted services;
6. Set minimum limits of liability insurance coverage for emergency medical services vehicles;

7. Contract with franchised or permitted agencies for transportation to be rendered upon call of a county or municipal agency or department and for transportation of bona fide indigents or persons certified by the local board of social services to be public assistance or social services recipients; and

8. Establish other necessary regulations consistent with statutes or regulations of the Board relating to operation of emergency medical services vehicles.

B. In addition to the powers set forth above, the governing body of any county or city is authorized to provide, or cause to be provided, services of emergency medical services vehicles; to own, operate and maintain emergency medical services vehicles; to make reasonable charges for use of emergency medical services vehicles, including charging insurers for ambulance services as authorized by § 38.2-3407.9; and to contract with any agency for the services of its emergency medical services vehicles.

C. Any incorporated town may exercise, within its corporate limits only, all those powers enumerated in subsections A and B either upon the request of a town to the governing body of the county wherein the town lies and upon the adoption by the county governing body of a resolution permitting such exercise, or after 180 days' written notice to the governing body of the county if the county is not exercising such powers at the end of such 180-day period.

D. No county ordinance enacted, or other county action taken, pursuant to powers granted herein shall be effective within an incorporated town in such county which is at the time exercising such powers until 180 days after written notice to the governing body of the town.

E. Nothing herein shall be construed to authorize any county to regulate in any manner emergency medical services vehicles owned and operated by a town or to authorize any town to regulate in any manner emergency medical services vehicles owned and operated by a county.

F. Any emergency medical services vehicles operated by a county, city or town under authority of this section shall be subject to the provisions of this article and to the regulations of the Board adopted thereunder.

(1996, c. 899; 2002, c. 747; 2005, c. 182.)

The Nuts and Bolts of a Billing System

Internal or External Billing Operations?

- *Internal – While It is possible to perform billing services in-house, few agencies, other than large commercial ambulance services, have the volume of calls necessary to justify the capital and ongoing labor expenses of operating an*

internal billing system. In addition to dedicated equipment and software that are needed to operate an internal billing system, it is also necessary to hire staff

- *Members who are extremely knowledgeable and experienced in ambulance billing systems.*
- *External – Most agencies, including governmental agencies, chose to hire a contractor to administer their billing program. Contracting out the billing function is ideal for most agencies because the purchase of specialized software and the hiring of dedicated staff are not required. Should the billing contract need to make an expensive software upgrade or replace a staff member, it their responsibility, not yours.*

Figure 6 - Billing Ordinance Example

Chesterfield Fire and EMS – Fee for service ordinance	
Sec. 10-10. Service Fees for Emergency Ambulance Transport	
(a) Pursuant to Va. Code §32.1-111.14, it is hereby determined and declared that the exercise of the powers and duties set forth herein is necessary to assure the provision of adequate and continuing emergency services and to preserve, protect and promote the public health, safety and general welfare.	
(b) Definitions. The following definitions shall apply to ambulance charges:	
1. Basic life support (BLS), advanced life support level 1 (ALS-1), and advanced life support level 2 (ALS-2) shall be those services as defined by applicable federal or state regulations and administered in accordance with applicable law. Ground transport mileage (GTM) shall be assessed from the location of the point of pick-up of the patient to a hospital or other facility where a patient is transported.	
(c) The schedule of rates for emergency ambulance transport services by the Chesterfield Fire and Emergency Medical Services (including the Ettrick-Matoaca Volunteer Rescue Squad) shall be as follows:	
<i>Service</i>	<i>Fee</i>
BLS	\$350.00
ALS-1	\$385.00
ALS-2	\$385.00
GTM	\$7.50 per patient loaded mile in addition to transport charges.
(d) The schedule of rates set forth in paragraph (c) of this section may be revised by resolution of the Board of Supervisors.	
(e) The Chief of Chesterfield Fire and Emergency Medical Services is hereby authorized and directed to establish rules and regulations for the administration of the charges imposed by this section, including, but not limited to, a subscription program for County residents or other eligible persons,	

and payment standards for those persons who demonstrate economic hardship, as permitted by applicable law.

(f) That this ordinance shall become effective on July 1, 2002 and amended on July 27, 2005.

Figure 7 - Billing Resolution Example

AT A REGULAR MEETING OF THE BOARD OF SUPERVISORS OF ROANOKE COUNTY, VIRGINIA, HELD AT THE ROANOKE COUNTY ADMINISTRATION CENTER ON TUESDAY, MARCH 25, 2003

RESOLUTION 032503-8 ADOPTING A REVISED SCHEDULE OF AMBULANCE TRANSPORT FEES AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the Board of Supervisors enacted a Fee for Services ordinance as an addition to the Roanoke County Code on May 22, 2001, which established the legal structure for providing emergency medical transport services and accompanying fees as provided for by the Code of Virginia; and

WHEREAS, Section 2-131 of this ordinance, contained in Chapter 2 Administration of the Roanoke County Code, provides that the Board of Supervisors, by resolution, may establish reasonable fees for the provision of emergency medical services by all emergency medical service personnel, whether provided by volunteers or public employees, upon the recommendation of the County Administrator and the Chief of Fire and Rescue; and

WHEREAS, the Board of Supervisors adopted a resolution on August 14, 2001, which resolution was revised on March 26, 2002 by Resolution 032602-2, upon the joint recommendation of the County Administrator and the Chief of Fire and Rescue for the establishment of reasonable fees for the provision of various levels of emergency medical services, including mileage fees for vehicles; and

WHEREAS, the U. S. Department of Health and Human Services has issued regulations, effective April 1, 2002, which establish a fee schedule for the payment of ambulance services under the Medicare program based upon specific codes or categories of ambulance services which must be complied with to receive Medicare reimbursements.

NOW, THEREFORE, be it resolved by the Board of Supervisors of Roanoke County, Virginia, as follows:

The fees which shall be charged by the County of Roanoke for the following described emergency medical services provided by Roanoke County owned, operated, funded, housed or permitted emergency vehicles shall be as follows:

Advanced Life Support (ALS) 1 Emergency	\$310.00
Advance Life Support (ALS) 2 Emergency	\$440.00
Basic Life Support (BLS) Emergency	\$265.00
Mileage: \$5.47 per mile with a maximum charge of \$75.00.	

No recipient of ambulance service who cannot afford to pay the ambulance transport fees will be required to do so.

This resolution shall be in full force and effect on and after April 1, 2003

Developing a Request for Proposals – Should your agency choose to use an external contractor to process your claims, it is necessary to develop a request for proposals (RFP), for billing services. Consider the following factors in RFP development.

- *How will the contractor be paid?*
 - *Pay Per Claim – Some contractors offer to charge a flat fee per claim processed. The incentive for the billing service is to process a large number of claims. There is little incentive for accuracy or follow-up. The billing contractor gets paid even if you don't. While, initially, pay per claim may appear to be less expensive, it will cost you more in the long run.*
 - *Percentage of Net Receipts – Other contractors offer to be paid based on a percentage of the net revenue received. The incentive in this case is for the supplier to work with patients and insurance carriers in order to receive reimbursement. At the outset, this method of compensation may appear to be more expensive; however, results show that collection percentages are higher with this type of arrangement.*
- *Customer Service – Examine the customer service programs offered by prospective billing agents. Is there a 1-800 number for use by clients? What are the hours of operation? How often do clients receive a busy signal?*
- *References – Ask for a complete client list, not just the references offered as part of a standard bid package. Contact other agencies of similar size and call volume.*
- *Compliance – Make no mistake about it, your agency is ultimately responsible for all compliance issues. What compliance programs does the prospective bidder have in place? Ask about previous audits of other clients and their role in the process. What compliance education programs are they willing to provide for your agency?*

Setting Fees and Establishing Policies

- *Fees – Often there is a tendency to initially adopt low rates in order to increase program acceptance. This is a serious error. Once your payment profile is established by insurance carriers it is difficult to change. Agencies have been locked into lower reimbursement rates that have required years to correct. Fees should be based on the published Medicare fee schedule. Medicare is the largest single purchaser of medical transportation and other insurance carriers tend to adopt Medicare policies. Therefore, your fee schedule should be based on Medicare allowable charges. Allowable charges are based on the level of service provided as well as an adjustment for regional or state variations in the cost of providing service. Additional reimbursement is provided for agencies serving rural areas. It is important to work carefully with the Medicare intermediary as well as your billing staff in establishing our fee schedule.*

- *Maintaining your fee schedule is as important as establishing it. On average, Medicare increases the allowable charges by approximately 2.5% per year. Make sure your charges are above the Medicare allowable in order to maximize your level of reimbursement.*
- *Policies – Formal policies have to be created, distributed, and adhered to. The following issues need to be addressed:*
 - *All patients are billed for transport – Field crews do not have the option of choosing not to complete billing documentation on a patient. Should charges need to be written-off because a patient is deemed to be financially unable to pay this must be addressed at the administrative level.*
 - *Definition of Poverty or Medically Needy – Establish guidelines that define what is considered to be inadequate income for use by the billing department in determining when to write-off charges for indigent patients. These guidelines need to be reviewed and approved by the agency Board of Directors.*
 - *Identify any patients that will not be included in the billing process – Some localities request that public employees and volunteers injured in work-related events not be billed for services provided.*

Figure 8 – Fee Schedule – Based on Commonwealth of Virginia – Zip Code 24084

Code	Type of Service	Service Description	Allowable Charge	Your Charge
A0426	ALS-1	Non-Emergency Advanced Life Support Trip -For Example – Hospital to Hospital Transfer of Patient on Cardiac Monitor.	\$218.57	\$240.00
A0427	ALS-1 Emergency	Emergency Response and Transport of a Patient that Requires Assessment by an ALS Technician and one or more Advanced Life Support Procedures	\$346.07	\$380.00
A0428	BLS	Non-Emergency Basic Life Support Trip – For Example - Bedridden Patient being Discharged from Hospital to Home	\$182.14	\$200.00
A0429	BLS Emergency	Emergency Response and Transport of a Patient that Requires Assessment by a BLS Technician and no Advanced Life Support Procedures	\$291.43	\$325.00
A0433	ALS 2	Transport of a Patient who Requires – Defibrillation, Pacing, Intubation, or the Administration of 3 or more IV medications	\$500.89	\$550.00
Mileage		Charge per patient transport mile.	\$9.16	\$10.00

- *Membership Programs – Membership programs are essentially programs that accept a fee as a form of pre-payment for deductibles and non-covered charges. For example – In exchange for an annual membership payment, your agency agrees to accept whatever insurance benefits are paid, or in the absence of insurance coverage, no payment, as payment in full. Membership programs are labor intensive and ultimately are not large revenue sources; however, they do offer an opportunity for the public to avoid paying out-of-pocket ambulance fees. In some cases, agencies have elected to provide free memberships to both career and volunteer staff members as an incentive. The value of providing this benefit needs to be carefully studied by the agency board of directors.*

Relationships with Insurance Carriers

In order to bill federally sponsored healthcare insurance programs, and some private insurance carriers, your agency must be a recognized provider of service. Each carrier will have an application process and will require copies of various documents in addition to the application.

- *Medicare – Medicare is a federal program that provides medical coverage for citizens over the age of sixty-five as well as many disabled Americans. Part B of Medicare pays for out-of-hospital services, such as physician care and ambulance transportation. Medicare will pay 80% of the allowable charge for medically necessary ambulance transportation. Providers are only allowed to charge the patient for the remaining 20% of the allowable charge after the Medicare payment is received. If Medicare determines that the ambulance transportation is not medically necessary then the patient can be billed the entire transport fee.*
 - *Contact Information for Medicare*
 - *Link to this site: <http://www.cms.hhs.gov/>*
 - *Link to this site: <http://www.cms.hhs.gov/suppliers/ambulance>*
 - *Trailblazers - administers the Medicare program in Virginia under contracting arrangements with the federal Centers for Medicare & Medicaid Services.*
 - *Link to this site: www.trailblazerhealth.com*
- *Medicaid – Medicaid is a state program, funded in cooperation with the federal government, which provides medical coverage for financially disadvantaged*

citizens. The Medicaid program generally pays far less for ambulance transportation as compared to other payors, however, since program clients are generally below the poverty line, it is preferable to participate in the program and accept the payment since it is unlikely there is any other payment source for the patient.

- *Contact Information for Medicaid - Virginia Department of Medical Assistance Services*
 - Link to this site: <http://www.dmas.virginia.gov>
- *First Health Services Corporation is the fiscal agent for the Virginia Medicaid assistance program*
- *Private Insurance Carriers – There are dozens of private insurance carriers that sell insurance to groups, such as employers, or to individuals. The coverage for ambulance transportation offered by these companies varies widely. It is best to advise citizens to contact their insurance carrier to determine what, if any, benefits are included in their policy.*
- *Participation Status - Private insurance companies may solicit your agency to become a participating provider. By participating you agree to accept the fee schedule of the insurance carrier in exchange for being reimbursed directly. In years past this was important since the insurance company sent payments directly to the patient if the ambulance service was not a provider. However, in Virginia there is a legal requirement that all ambulance providers be paid directly by insurance carriers. Participation agreements are no longer necessary.*

Development of Forms

Research what information must be collected for the billing process. Consent to bill the patient's insurance carrier and the authorization to release medical records for the purpose of reimbursement must contain specific terminology. If you use a billing contractor, they can be helpful in either supplying or developing the necessary documents.

Flow of Information

Systems have to be established to; collect the data following the transport, verify that all information is present, and prepare documents for delivery to your billing department or contractor. Be sure to establish a schedule to make sure that information is submitted on a timely basis. Every day that patient documentation is not processed is an additional day before your agency is reimbursed.

Revenue

If your agency uses a billing service it must be determined where the checks will come to and where the funds will be deposited. In most cases it is preferable to have the funds arrive at the billing contractor so payments can be posted to the patient's accounts promptly. The billing contractor can then either deposit the funds to your bank account or forward the checks to your agency for deposit. The billing contractor may only deposit funds into your account. Your agency will pay the contractor as invoiced.

Maintenance of Records

The billing records of your agency are your property and must be maintained for a length of time, per advice from your legal advisor and/or billing company. You will receive requests for statements and other information, just as medical records request for pre-hospital patient care reports (PPCR) are received. If your agency uses a billing contractor, verify the plan to return your medical records should the billing contract be terminated. In Virginia, EMS agencies must maintain PPCRs for no less than five years after the date of service per the Virginia Administrative Code 12-VAC-5-31-530.

Health Insurance Portability and Accountability Act

Health Insurance Portability and Accountability Act (HIPAA) is a Federal law intended to protect the privacy of personal health information. All staff members need to receive HIPAA training. It is also required that your agency provides or makes a statement that describes how you protect sensitive patient information easily accessible. It may be necessary to enter into business associate agreements with other entities, particularly a billing contractor, in order to share necessary information.

Compliance

There are many laws, rules and regulations concerning ambulance billing. It is imperative that you carefully study and understand all legal requirements. Failure to comply can have serious consequences for both the agency and its leadership. Penalties can include the loss of provider status, having to return funds received for inappropriate claims, civil penalties and criminal prosecution.

Timeline

Develop a timeline for implementation. It is better to carefully plan the implementation carefully as opposed to hurrying through the process only to discover that important steps were missed. Below is an example of a billing program implementation timeline. The process of receiving provider numbers and the governmental improvements necessary may require much longer. Start the process early and frequently evaluate the progress of the project.

	<u>Task</u>	<u>Start</u>	<u>Complete</u>
√	Begin to Explore Fee-for-Service	January 1	January 31
√	Select Steering Committee Members	February 1	February 28
√	Committee Meetings and Recommendation	March 1	April 30
√	Obtaining Governmental Support /Press Release	May 1	June 15
√	Begin Provider Number Application Process	May 1	TBA
√	Design Billing System/RFP for Billing Contractor	June 16	July 15
√	Begin Staff and Public Education	July 16	TBA
√	Award Contract to Billing Contractor/Apply for Provider Numbers/Develop Policies	July 15	Sept. 15
√	Finalize Rate Structure	Sept 15	October 1
√	Announce Target Implementation Date	October 2	October 15
√	Begin Fee-for-Service Trips	December 1	

Cash Flow

Many people think that as soon as you start sending out bills the checks just come rolling in, unfortunately nothing could be further from the truth. It requires many months for billing revenue to reach a consistent level. Some insurance carriers pay promptly but it is very common to wait 60 to 90 days or longer for a claim to be paid. Figure 9 provides an illustration of typical cash flow during the startup of a fee-for-service system.

Figure 9 – Cash Flow Estimate

Anticipated Net Collections		Actual Collections											
\$187,594	per year												
\$15,632	Per month												
	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	
Jan-06	\$0	\$1,563	\$1,563	\$2,345	\$2,345	\$1,563	\$1,563	\$1,563	\$782	\$782	\$782	\$782	
Feb-06		\$0	\$1,563	\$1,563	\$2,345	\$2,345	\$1,563	\$1,563	\$1,563	\$782	\$782	\$782	
Mar-06			\$0	\$1,563	\$1,563	\$2,345	\$2,345	\$1,563	\$1,563	\$1,563	\$782	\$782	
Apr-06				\$0	\$1,563	\$1,563	\$2,345	\$2,345	\$1,563	\$1,563	\$1,563	\$782	
May-06					\$0	\$1,563	\$1,563	\$2,345	\$2,345	\$1,563	\$1,563	\$1,563	
Jun-06						\$0	\$1,563	\$1,563	\$2,345	\$2,345	\$1,563	\$1,563	
Jul-06							\$0	\$1,563	\$1,563	\$2,345	\$2,345	\$1,563	
Aug-06								\$0	\$1,563	\$1,563	\$2,345	\$2,345	
Sep-06									\$0	\$1,563	\$1,563	\$2,345	
Oct-06										\$0	\$1,563	\$1,563	
Nov-06											\$0	\$1,563	
Dec-06													
Actual Income	\$0	\$1,563	\$3,127	\$5,472	\$7,817	\$9,380	\$10,943	\$12,506	\$13,288	\$14,070	\$14,851	\$15,633	

Marketing the Program

You know this is a Great Idea – Now You Have to Convince Everyone Else

Implementing a fee-for-service program can result in uncertainty and questions from staff members as well as the general public. It is essential that everyone; the public, staff members, and local government officials understand why billing is necessary, how the system will work, and the improvements that will be possible in the future. The message needs to be concise and consistent.

- *There are problems with the current EMS system that need to be corrected.*
- *Traditional sources of revenue aren't adequate to correct the problems.*
- *Ambulance billing is a way to obtain resources using insurance coverage that most citizens already have and is preferred over tax increases.*
- *Services will be rendered regardless of a patient's ability to pay.*
- *The billing process will be sensitive to those who do not have the financial resources to pay their bill.*

While much of the information is the same, it is important to tailor educational programs to each target audience. Agency staff members are generally interested in the impact of the billing system on daily operations and how the agency is perceived by the community. Local government officials may focus on the ability to make EMS system improvements without increasing the need for additional tax dollars. The general public wants assurance that emergency care will continue to be available in a rapid and reliable manner.

Figure 10 – Frequently Asked Questions to EMS Agency Leaders; Answers Targeted at Key EMS Stakeholder Audiences

	<i>EMS Agency Staff</i>	<i>Local Officials</i>	<i>Public</i>
<i>Why is a billing program necessary?</i>	<i>"We want to continue to do a good job for our community. We need additional resources in order to provide our citizens with the care they deserve. Funding sources that we have relied on in the past are not adequate to meet our future needs. Billing is necessary to obtain the resources we need to serve the public."</i>	<i>"Our agency has a long tradition of working with our local governments to providing service to the community. We want to continue to meet these needs; however, additional resources are necessary. We understand that it is difficult to shift tax dollars from other programs or raise taxes to support EMS. Billing will enable our agency to use insurance benefits most citizens currently have to improve the services provided to the public."</i>	<i>"Most people don't think about what resources are necessary in order provide quality Emergency Medical Services – until they need assistance. As our community has changed, our EMS needs have changed as well and will continue to change. The generosity of the community and the support of local governments aren't sufficient to meet our needs. Billing is an effective method of obtaining the funds necessary for EMS."</i>
<i>Will the ambulance transport someone who doesn't have insurance?</i>	<i>"Our mission has been and will continue to be to provide the best possible emergency medical care for our citizens. The subject of the presence or absence of health insurance is not discussed prior to the patient's arrival at the hospital."</i>	<i>"Our agency serves everyone in our community, not simply those with health insurance. We have developed policies and procedures to make sure that all citizens are treated equally and there are no discussions concerning a patient's insurance status until the transport is complete. We also have developed systems to alleviate the burden of ambulance bills to those citizens who don't have the means to pay them."</i>	<i>"When a medical emergency occurs and 911 is called, our focus is on responding promptly and providing the best emergency care possible. That is what we always have done and will continue to do. It is important that citizens call 911 without hesitation in the event of a true emergency. We respond to everyone with an emergency, care for them, and take them to the hospital without regard for their insurance status."</i>
<i>Will the ambulance continue to be staffed with volunteer personnel?</i>	<i>"Fee-for-Service is necessary to allow for improvements in the current EMS system. It is not about converting to a full-career system. Our goal is to preserve the volunteer system by alleviating volunteers from fundraising responsibilities and supplementing current staffing where necessary."</i>	<i>"Our volunteer staff members will continue to respond to help their neighbors. However, we understand that our mission is to properly serve the public. We plan to use career and volunteer staff to insure that our citizens receive a rapid response from properly trained staff."</i>	<i>"Community needs have outpaced the ability of volunteer rescuers to respond to all of the calls in our community. Volunteers will still respond to your call for help, but when they may not be immediately available, we will supplement their efforts with career staff."</i>

	<i>EMS Agency Staff</i>	<i>Local Officials</i>	<i>Public</i>
<i>What will happen if someone without health insurance is transported and can't pay their bill?</i>	<i>"Our organization functions on fairness. We respond to calls in both wealthy and needy neighborhoods and provide the same care to everyone. Our job is to provide the best care we can and then to do an equally good job in collecting billing information. There are systems in place to verify that every patient who is transported is billed and to make sure that those patients who don't have the resources to pay their bill aren't mistreated or harassed."</i>	<i>"Our projections concerning the billing program include allowances for individuals who don't have health insurance. We collect billing information from all patients who are transported. We have worked with the local hospitals and the Department of Social Services to develop guidelines for use by our billing contractor. Based on the number of people in the patient's family and their annual income, either a portion or their entire bill may be written-off because of their being classified as medically needy".</i>	<i>" We render care first and only seek insurance information after the patient has arrived at the hospital. We know that some people in the community don't have health insurance, but we don't want to discourage them from calling for help in the event of an emergency. We have developed a tool to assess the resources of uninsured patients on a case by case basis. If, after researching the information available, it is determined that the patient doesn't have the resources to pay their bill, it is written off. "</i>
<i>When I have a question about my bill, who will I speak with?</i>	<i>"Processing ambulance claims is a complex process. We don't respond to a sufficient number of calls to justify establishing a billing office. We collect data and send it to a billing contractor who processes the claims on our behalf. If anyone within our agency has a question concerning the fee-for-service program they should contact _____, who is responsible for our role in the process. Patients who need assistance with the billing process should first call, XYZ ambulance billing at 1-800- 123-4567. This number is staffed Monday through Friday between the hours of 8AM and 5PM. To insure that accounts are credited properly, It is important that payments be made through the billing service, not directly to the agency. "</i>	<i>"We have selected XYZ ambulance billing to process insurance claims on our behalf. Using a vendor eliminates the need for our agency to purchase expensive billing software and hire personnel dedicated to billing. XYZ ambulance billing has an excellent reputation for outstanding customer service and working to maximize reimbursement from insurance carriers while accommodating patients that don't have insurance or the financial means to pay their ambulance bill. XYZ has a toll free telephone number and an adequate number of customer service representatives to respond to citizens questions during regular business hours. "</i>	<i>"Our relationship with the patient doesn't end when they arrive at the hospital. We are dedicated to operating an efficient, effective and considerate billing program. In order to meet these goals, we have selected XYZ ambulance billing to process our insurance claims and to send patient statements on our behalf. After researching the situation carefully, we determined that XYZ has a history of providing excellent customer service to both patients and insurance carriers. This arrangement will provide better service to citizens at a lower cost as compared to providing these services in-house. XYZ ambulance billing can be contacted at 1-800-123-4567, Monday-Friday, 8 a.m to 5 p.m."</i>

You Have to Go to Them – Don't Expect Them to Come to You

- *Press Releases – Establish relationships with local print and broadcast media outlets. In addition to press releases, the agency needs to make someone available for interviews and follow-up questions. The media is going to report on your billing program. If you are an available source of reliable information, they will publish what you say. If you are not, they will look elsewhere for information.*
- *Public Meetings – Host meetings where the general public can come and ask questions. Be sure to hold meetings throughout the service area. Invite elected officials from that particular community as well as your committee members to the meeting.*
- *Speakers Bureau – Call every community-based organization in your service area and offer to speak at an upcoming meeting. Have someone at the Kiwanis on Monday night, the Ruritan on Tuesday night and the Garden Club on Thursday afternoon. Community groups are often looking for a good speaker and this gives you an excellent opportunity to present your program.*
- *Provide a Walkthrough – Provide each audience with a walkthrough of how the EMS process, including the billing component works.*
 - *An illness or injury occurs and someone calls 911*
 - *Ambulance (and maybe First Responders) are immediately dispatched*
 - *EMS personnel arrive and the patient is treated and transported to the hospital*
 - *Patient is asked to sign a form giving your agency permission to obtain his or her insurance information and file a claim with the insurance carrier. If the patient is unable to sign, a form will be sent later from the billing dept.*
 - *The signed consent form, the insurance data, and a copy of the PPCR will be forwarded to the billing department.*
 - *A claim is filed with the insurance carrier*
 - *The patient is notified of any remaining balance after payment is received from the insurance company.*
 - *All statements from the agency will have a telephone number if there are questions or if additional information is needed.*
- *Dispel Rumors – Rumors will be circulating among all three groups that you are working to educate. It is important to be pro-active and provide factual information early in the process.*

- *Provider Rumors*
 - *Loss of Community Support – Some personnel express that the level of community support for the agency will decrease due to billing.*
 - *Response –Most billing programs produce revenue that is up to ten times greater than what was received from fundraising projects. It is possible to eliminate most, if not all, existing fundraising projects, particularly those that use significant staff time. Citizens will continue to recognize the important work that you do in the community – maybe even more since you are now focused on system performance as opposed to raising the funds necessary to operate.*
 - *Increased Work for Field Providers – Some providers might express that the additional paperwork will consume large quantities of staff time and take away from being available for calls.*
 - *Response – The additional paperwork required for billing operations generally requires less than ten minutes per patient. Crews are already completing a PPCR, the only other things required is obtaining a copy of the patient's insurance information from the hospital, answering a couple of questions on a preprinted form and asking the patient to sign the form. Minute for minute, or dollar for dollar, ambulance billing is a better use of staff time as compared to any other form of fundraising.*
- *Government Officials and Public Rumors*
 - *No Money = No Service*
 - *Response – We respond to all calls for assistance and provide care and transportation without regard for the patient's ability to pay. No one is refused emergency medical care or transportation because of their insurance status. Uninsured cases are carefully evaluated to determine if a portion or the entire ambulance bill should be written off due to the patient's financial situation. All citizens are encouraged to call 911 without hesitation in the event of a serious medical emergency.*
 - *Harassment by Bill Collectors*
 - *Response – Our billing contractor works for the agency and has agreed to accept our direction in terms of the level of collection efforts. Great efforts have been made to make*

sure that patients who do not have the financial resources to pay their ambulance bill are not harassed or intimidated.

Plan for Success – Monitor for Results

One of the goals of this document is to provide an outline of the complexities to be addressed in implementing a billing system. The following self assessment tool will help you make sure that your agency is establishing the proper foundation to support your fee-for-service system. Additionally, at the end of the chapter is a list of maintenance items that need to be addressed to make sure that your billing system will continue to function properly.

#	Task	✓
1.	Identify community EMS needs currently not being met.	
2	Identify resources required by your agency to meet the community's needs.	
3.	Identify and call a meeting of EMS stakeholders in your community.	
4.	Estimate the potential impact of a billing program based on current call volume.	
5.	Develop realistic improvement options based on potential revenue	
6.	Work with stakeholder group to determine if billing can result in significant program improvements.	
7.	Establish implementation plan and timeline.	
8.	Inform agency staff of decision to proceed with fee-for-service	

9.	Obtain governmental support – resolution and/or ordinance	
10.	Develop Request for Proposals for a billing contractor	
11.	Start application process for provider numbers – Medicare, Medicaid, etc.	
12.	Identify primary agency contact for billing contractor related issues	
13.	Establish fee schedule in cooperation with billing contractor	
14.	Develop policies related to billing such as collections. Is there a definition of medically needy? Will there be a subscription program?	
15.	Work with billing contractor to establish forms, flow of information, and management of deposits.	
16.	Estimate cash flow and tailor improvement plans accordingly	
17.	Begin staff training including, need for billing program, planned improvements, staff role in the billing system and established policies and procedures	
18.	Provide educational information to local government officials	
19.	Begin public education efforts including; press releases, public meetings, and speaker's bureau	
20.	Implement Quality Improvement process to monitor and if necessary, improve field documentation	
21.	Begin billing on target date	

Program evaluations are just one component of a continuous process of identifying opportunities for improvement, taking appropriate actions, evaluating progress and then acting to hold the gains achieved. As with all other EMS agency programs, a fee-for service program can't work in a vacuum. Agency leaders need to remain aware of their agency's performance, the local environment, and trends within the medical transportation industry in order to meet the community's emergency care needs

- *Examples of Routine Process Evaluations*

- *Compare dispatch records to patient records to verify that billing information is being obtained on all patients transported.*
- *Review PPCR forms to verify that patients are being billed for the correct level of service based on the care provided and that medical necessity is being documented appropriately.*
- *Examine records to confirm that patient signatures are being obtained for all transports except when the patient is physically unable to sign.*
- *Verify that funds received from the billing contractor balance with reported credits to patient accounts.*
- *Periodically survey patients to determine if they were satisfied with both the care given by ambulance crews and the service they received from the billing service.*
- *Examples of Outcome Evaluations*
 - *Response times before and after staffing changes*
 - *Increase in availability of ALS personnel*
 - *Actual revenue versus projected revenue.*
- *Other maintenance items*
 - *Review the agency fee schedule at least annually to make sure that maximum reimbursements are being received.*
 - *Make sure that updated copies of the agency license from OEMS are sent to carriers so that provider status is not interrupted.*

Appendix A

Lessons Learned

While attempts have been made to make this manual a comprehensive document, there will certainly be situations that call for additional resources. The following agencies have already developed fee-for-service programs and their officials have graciously agreed to provide information about what they have learned.

Giles Life Saving and Rescue Squad

Steve Davis

120 North Main St., Suite 2, Pearisburg, VA

(540) 921-2891

Email: steve.davis@vdh.virginia.gov

Roanoke County Fire and Rescue

Stephen G. Simon, Division Chief

5925 Cove Rd., Roanoke County, VA

(540) 777-8727

Email: ssimon@co.roanoke.va.us

Chesterfield County Fire and EMS

Robert L. Trimmer, Firefighter/EMS Specialist

P.O. Box 40, Chesterfield, VA

(804) 769-7514

Email: trimmer@chesterfield.gov

Amherst County

Gary M. Roakes, Director of Public Safety

P.O. Box 140, Amherst,

(434) 946-9307

Email: gmroakes@countyofamherst.com

Regional EMS Inc.

Joseph Trigg, Executive Director

P.O. Box 949, Dublin, VA

(540) 633-6738

Email: jtrigg@pulaskicounty.org

Giles Life Saving and Rescue Squad

Steve Davis

1. *Find a reputable billing company to work with if you are using an outside billing service.*
2. *Ask your billing service what kind of patient information they will need to have in order to proceed with the billing.*
3. *Prior to sending the first invoice for cost for service recovery, what provider numbers will be needed from Medicare, Medicaid, Blue Cross/Blue Shield. Determine who will make application for these numbers and when?*
4. *Prior to issuance of the first bill, your agency must decide your collection strategy. You must follow-up with one written letter in an attempt to collect any debt not covered by Medicare or Medicaid.*
5. *Are you going to send delinquencies to a collection agency, take them to court, or write off the remaining debt, and when.*
6. *Designate one person (with one primary back up) to be responsible for QA of run sheets and correct information on submission of bill. These people should have no other responsibilities that could interfere with this task.*
7. *Make sure your squad has a tax I.D. number from the I.R.S.*
8. *Make sure your agency billing is sent to the submission company at least once per month – WITHOUT FAIL! Expect initial check 6 – 8 months after submission of first bills. If you bill regularly, you will receive regular checks. If you are sporadic at billing, you will receive sporadic refunds.*
9. *Do not expect an immediate return of monies for services billed.*
10. *Initial billing returns (payments from insurers) can be as low as 35-45 %.*
11. *Expect to receive 40-50% return on billing as your system gets “established”.*
12. *Expect return on gross submitted bills at 50–60% collection rate, after the system has matured.*

Roanoke County Fire and Rescue

Steve Simon

1. *Designate someone in upper management that can be the lead in developing all aspects of the program.*
2. *Start the education process early with local government and elected leaders at least 6 months prior to implementation date.*
3. *Develop what type of billing-collections the community is willing to have (soft verses hard collections). This will dictate how the program is established and help in the selection process of a third party billing Agency.*
4. *Start to apply for a Medicare Number (National Provider Identification (NPI). This will take at least 60-90 days so start early.*
5. *Develop a RFP for the selection of an ambulance billing company based on what other jurisdictions have done. Do not reinvent the wheel!*
6. *Develop HIPAA and EMS Billing policies simultaneously to avoid duplication and confusion amongst the field providers.*
7. *Educate anyone who will listen while targeting Civic Groups, League of Older Americans, Neighborhood Associations, Local Government Employees, and etc.*
8. *Establish an oversight committee within the EMS Agency to ensure that all policies are abided to and overall checks/balances are in place.*
9. *Remember that billing for services is an ongoing program and sufficient resources must be provided to keep it operational.*

Chesterfield County Fire and EMS

Robert L. Trimmer

1. *Determine why you need to initiate revenue recovery.*
2. *The public and your providers need to know what the funds will support.*
3. *What will you require the billing company to do and what will it cost you?*
4. *Your local government must pass an ordinance allowing you to bill for services.*
5. *Your established fee schedule should not be included in your ordinance. This allows changes to be made without having public hearings for any adjustments.*

6. *Use an “ability to pay scale” based on income levels. Establish an agreement (on an individual basis) for those who cannot pay immediately to pay off their bill over a set period of time.*
7. *Establish a write-off procedure for uncollectible accounts and institute a process to remove uncollected accounts from your books.*
8. *Establish a refund procedure for overpayment of accounts. Refunds must be made in a timely manner.*
9. *Market the program aggressively to the public.*
10. *Market the program to your providers. Buy-in from your agency members is a must!*
11. *Determine if you will use aggressive or soft billing.*
12. *If possible, use electronic data collection software for patient care reports. This will allow you to integrate data from PPCRs directly into the billing software.*

Amherst County

Gary M. Roakes

1. *EMS agencies must recognize that there is a funding problem.*
2. *Educate providers and community on the need for revenue recovery.*
3. *Educate Governmental leaders on the need and benefit of revenue recovery.*
4. *Try to get buy in of government and agencies to return any unused funding to squads for equipment.*
5. *Have clear understanding with providers that their main focus is on patient care and not collecting insurance data. Stay focused on patient's needs.*
6. *Get information out to public early and to as many community groups as possible. Place ads in newspaper and other media.*

Pulaski County - Regional EMS Inc.

Joseph Trigg

- 1. Do not expect revenue recovery to be a "magic pill" that will solve all your financial problems. Good financial controls and policies are important to agency success.*
- 2. Avoid the "rich on payday" attitude. Agencies will be receiving regular funds that they may not have received before and it is easy to overspend without realizing it.*
- 3. Local government support is a must. Try to establish an agreement that revenue recovery will not replace local government support (if it already exists). A way to sell revenue recovery may be to use it as a means to keep government support at current levels.*
- 4. Do not overestimate your fee recovery. Amounts are dependent on many factors which may or may not be under the agencies control.(population demographics, timely submission of billing forms)*
- 5. You MUST have support of your agency members. Billing forms must be completed on all calls and submitted promptly.*
- 6. Expect some public and political backlash. Most of this can be managed on the front end but still expect some. Have all agency members educated on the process. Anyone can be asked to explain it at any time.*

Appendix B

Frequently Asked Questions

1. What is revenue recovery/billing for service/fee-for service?

All three terms refer to the process of collecting fees for the treatment and transport of patients by ambulance. Currently, many EMS agencies that have traditionally provided their services without fees are evaluating billing programs in order to supplement existing funding sources.

2. How does billing work?

Information concerning the patient's insurance coverage is collected after they arrive at the hospital. This information is used to generate a bill to their insurance carrier. Once the insurance company has paid their portion of the bill, a bill for the balance is sent to the patient.

3. Why are EMS agencies in Virginia considering billing for services?

Demands on EMS agencies are continuing to increase. The number of calls is increasing along with the demand for highly trained personnel and state-of-the art equipment. The cost of meeting the EMS needs of a community often exceeds the funds available from traditional sources such as local government support and fund raising. Billing for services provides a new revenue source, that when combined with existing resources, can adequately fund local EMS agencies.

4. Where does the money come from?

The majority of all ambulance fees are paid through Medicare, Medicaid, or private health insurance policies. In most cases, only about 5% of the total funds collected are paid by individuals.

5. What does the patient have to pay?

If insured, the patient will be responsible for their co-pay and deductible, based on their plan (including Medicare & private health insurance). If uninsured, the patient takes

responsibility for the full amount of the bill. Charges vary based on the level of service rendered (BLS versus ALS care) and the distance traveled.

6. What if the patient cannot pay or does not have insurance?

How agencies handle balances owed by individuals is a local decision. Policies can be developed to forgive charges owed by those who do not have the financial resources to pay. Conversely, agencies can choose to refer patients that have the ability to pay to collection agencies. Some agencies establish payment plans that allow the debt to be paid over a period of months. Municipal agencies can use the set-off debt collection process to recover balances from state income tax refunds.

7. Will an ambulance respond to all calls for assistance, regardless of a patient's ability to pay?

A unit will be dispatched to all calls for assistance. Care will be provided and transportation to the hospital will occur regardless of a patient's insurance status.

8. Will the agency or ambulance billing services harass someone who cannot pay?

The level of collection efforts is specified by the agency, not the billing contractor. Local policies are used to direct collection efforts. In all cases, citizens will be dealt with in a courteous and professional manner.

9. What are the options for Private Pays?

- Subscription plans - also known as membership plans, are an agreement between the citizen and the agency to accept an annual fee as the pre-payment of any outstanding obligation for the delivery of ambulance transportation provided. A resident who has purchased an ambulance membership has no obligation to pay co-pays or deductibles. Additionally, if the citizen with a membership does not have insurance or their insurance denies the claim, they have no additional obligation to the agency. Properly administering a membership program is as complex as the billing process itself. It is important to emphasize that a membership program is not insurance and does not apply to charges from other ambulance providers.

- **Time Pay Programs** - An agency can choose to allow a patient to make payments on outstanding balances. This payment system may be interest free. While there is sometimes an inclination to allow the patient to make small payments, the agency must address its cost of invoicing the patient and posting payments to make sure that the payment system is actually worthwhile.
- **Set-Off Debt Collection** - Governmental EMS agencies can request that their local government attach unpaid charges to any potential state income tax refund using the set-off debt collection process.
- **Needs-Based Ability to Pay Programs** - Factors, such as income and family size, can be evaluated to determine if the patient can reasonably be expected to pay his or her bill. Based on policies developed and approved by the agencies governing body, the bill can either be reduced or written off as a charitable service.
- **Blanket Waiving of Co-pay and Deductibles** - The United States Office of the Inspector General (OIG), the agency responsible for legal issues related to the Medicare program, has expressed concerns about plans that routinely waive deductibles or co-payments. Current laws permit all or a portion of the Medicare cost-sharing amount to be waived for the financially needy patient. Published opinions have also allowed municipal providers to waive deductibles and co-pays due to the tax-based support received from residents. It is important to carefully research OIG opinions and possibly seek expert advice before waiving cost-sharing responsibilities.

10. Will the patient's insurance premium go up?

There is no historical data to support the claim that ambulance billing has caused increases in insurance premiums. Ambulance fees total less than one-fourth of one percent of all health related Medicare costs.

11. How does the billing process work?

- **Step 1**

The patient is transported, their insurance information is obtained, they sign the billing form giving permission for their insurance to be billed, and the information is entered into the billing system.

- **Step 2**

The insurance is billed and the payment is posted to the patient's account. If the patient has more than one insurance carrier, secondary bills are filed.

- **Step 3**

The patient receives a statement for any balance due after insurance company payments.

- **Step 4**

The balances is either paid by the patient or addressed by one of the self-pay methods described previously.

12. How will billing for services change an EMS agency?

Implementing a fee-for-service and revenue recovery program provides a reliable revenue stream for local EMS agencies. The utilization of the funds varies by agency. Funds can be used for equipment, training, supplies, facilities, or staffing. Agencies that implement billing programs continue to be categorized (volunteer, municipal, combination) as they were previously and there is no change to the organization's 501 c3 tax-exempt status.

13. How much money should be realistically expected through billing for services?

A tool (see Figure 1) is provided that can be used to develop a rough estimate of net revenues. Actual revenues are highly dependent on factors such as; local demographics, percentage of insured patients, number of calls, and the method of collection used for self-pay accounts.

14. Can you retain your 501 c3 status when you bill for services?

Yes; the 501 c3 tax-exempt status pertains to the purpose and daily operations and use of funds by a charitable organization, to include public safety organizations. The funds

received by billing for services are collectable by a 501 c3 organization so long as they are used within the organization for operations, and not used to fund the interest of private shareholders or contributed to political campaigns. Visit the IRS website concerning 501 c3 status organizations at:

<http://www.irs.gov/charities/charitable/article/0,,id=96099,00.html>

15. Will billing impact the donations and fund drives for volunteer EMS agencies?

It is commonly heard that an agency that begins billing for services will see a significant decrease in the amount of funds collected by annual fund drives and donations to the agency. Most agencies and billing companies alike who have researched the statement have found no evidence to back up the claim.

As a part of public education, the public should be informed of what, if any, changes are being made to the agency once billing for services has commenced. Included with annual fund drive mailer, there should be a notice that explains that bills are sent to insurance companies. Explain the purpose of billing for services: to serve as an adjunct to donations, which provide the funding necessary for maintenance of daily operations.

16. How can revenue recovery benefit the community delivery of EMS care?

There are significant benefits to revenue recovery such as increased personnel, increased education and training (advanced life support, specific medical training such as ACLS, PALS, etc), better equipment, improved response times, and improved QA/QI systems.

By implementing revenue recovery, an agency may choose to increase the number of trained BLS and/or ALS personnel and increase the standard of patient care. With an influx of new funding, response times may improve. New or improved equipment can help the EMS providers improve their patient care, whether it is a new ambulance with improved safety features and better lighting for patient exams or a new cardiac monitor that can monitor vital signs, as well as heart rhythm.

Appendix C

Other Sources of Information

Virginia Department of Health Office of EMS – The Regulation and Compliance Division of OEMS and other staff provide technical assistance to Virginia's EMS agencies to enhance EMS systems and to help them comply with the rules and regulations of the Commonwealth. Check the OEMS Web site below for the program representative that serves your area or e-mail emstechasst@vdh.virginia.gov

Web site: www.vdh.virginia.gov/oems

Virginia Association of Governmental EMS Administrators – A professional association dedicated to improving EMS throughout Virginia by promoting and developing EMS issues and leadership at a local, regional and statewide level.

Web site: www.vagemsa.org

Virginia Association of Volunteer Rescue Squads

Web site: www.vavrs.com

International Association of Fire Chiefs – Provides leadership to career and volunteer chiefs, chief fire officers and managers of emergency service organizations throughout the international community through vision, information, education, services and representation to enhance their professionalism and capabilities.

Web site: www.iafc.org

Office of the Inspector General (OIG) – The OIG Web site provides information concerning reports issues, guidance and other related information concerning fraud, waste and abuse issues for the Department of Health and Human Services' programs.

Web site: www.oig.hhs.gov

United States Department of Health & Human Services

Web site: www.os.dhhs.gov

Page, Wolfberg and Wirth, LLC – A national law firm dedicated to representing EMS and medical transportation providers.

Web site: www.pwwemslaw.com/home.htm

American Ambulance Association – The association services as a voice and clearinghouse for ambulance services across the nation.

Web site: www.the-aaa.org

Health Insurance Portability and Accountability Act (HIPAA) – HIPAA provides information on the law and the Department of Health and Human Services, privacy rules, and many other resources.

Web site: www.hipaa.org

Virginia Association of Planning District Commissions – Information on demographics.

Web site: www.vapdc.org

Virginia Municipal League (VML) – VML is a statewide, non-profit, non-partisan association of city, town and county governments to improve and assist local governments through legislative advocacy, research, education and other services.

Web site: www.vml.org/index.html

Virginia Association of Counties (VACO) – VACO exists to support county officials and to effectively represent, promote and protect the interests of counties to better serve the people of Virginia.

Web site: www.vaco.org

Virginia Regional EMS Councils – Resource for drug box exchange, re-stocking issues and technical assistance in starting a billing for services program.

Web site: www.vaems.org or contact the regional EMS council directly

Blue Ridge, www.blueridge.vaems.org, (434) 947-5934
Central Shenandoah, www.csems.vaems.org, (540) 886-3676
Lord Fairfax, www.lfems.vaems.org, (540) 665-0014
Northern Virginia, www.northern.vaems.org, (571) 261-3550
Old Dominion EMS Alliance, www.odemsa.vaems.org (804) 560-3300
Peninsulas, www.peninsulas.vaems.org, (804) 693-6234
Rappahannock, www.rems.vaems.org, (540) 373-0249
Southwest, www.southwest.vaems.org, (276) 628-4151
Thomas Jefferson, www.tjems.org, (434) 295-6146
Tidewater, www.tidewaterems.org, (757) 963-0632
Western, www.wvems.org, (540) 562-3482

List of EMS Billing Services Doing Business in Virginia

Link to this site: www.vdh.virginia.gov/oems

Look for the link for the list of EMS agencies that bill for services or send an e-mail to emstechasst@vdh.virginia.gov for more assistance.